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UNCLAS SECTION 01 OF 02 KATHMANDU 000402

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SENSITIVE

STATE FOR SA/INS

LONDON FOR RIEGEL

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TAGS: [PREL](#) [EAID](#) [PGOV](#) [ETRD](#) [NP](#)

SUBJECT: FOREIGN SECRETARY APPEALS FOR IMMEDIATE AID

REF(S): A) 01 KATHMANDU 1675; B) KATHMANDU 0378

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SUMMARY  
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1. (SBU) SUMMARY: On Feb. 21 Foreign Secretary Madhu Raman Acharya called the Ambassador to the Foreign Ministry to appeal directly for immediate assistance in the wake of the Maoist attacks on Achham (Ref B). He said the Ministry hopes to send a delegation, at the secretary level, to Washington to make its case directly

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to the USG. The Ambassador reiterated USG support for the Government of Nepal (GON) and reviewed the progress of USG efforts to beef up both military and development assistance. He advised the proposed delegation travel to Washington after the visit of the assessment team from PACOM in April. End summary.

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WE APPRECIATE THE SENTIMENT . . .  
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2. (U) On Feb. 21 Foreign Secretary Madhu Raman Acharya asked to meet with the Ambassador at the MFA. Joint Secretary for the Americas Gyan Chandra Acharya and Undersecretary Prahlad Prasai also attended. The Ambassador opened the meeting by extending condolences for the Feb. 17 Maoist attacks in Achham District (Ref B). The Foreign Secretary thanked the Ambassador for the statement issued by A/S Boucher the previous day, and for the Ambassador's own comments, carried in the local press Feb. 21, condemning the attacks.

3. (SBU) The Ambassador reiterated USG support for Government of Nepal (GON) efforts to address the increasingly violent insurgency, and reported that the USG is still reviewing possible programs to expand both military and development assistance. The USG is hoping to be able to provide at least an additional USD 3 million in development funds for this year, and a possible USD 6-9 million the following year. At least USD 2 million in military aid for this year now seems possible, he said. A supplement to the budget with additional funds for Nepal is also being contemplated, he said, but cautioned that such a process may be complicated and lengthy.

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. . . BUT WHERE'S THE MONEY?  
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4. (SBU) Although its bureaucratic processes take time, the USG wants to help Nepal, the Ambassador concluded, and is very concerned by the flare-up in violence in an already volatile region. He noted Secretary of State Colin Powell brought this message to

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the GON during his Jan. 18-19 visit. Secretary Acharya responded that the Powell visit had raised hope for more USG aid. He said he understands that the USG is reviewing the requests, but stated that the Foreign Ministry must demonstrate to the Nepali public that it is being proactive in seeking tangible support from friendly nations. To this end, he proposed sending an MFA delegation, headed by him, to Washington to make its case.

5. (SBU) The Ambassador suggested the delegation also include representation from the Royal Nepal Army (RNA) and the Ministry of Finance to help make a concerted pitch for the need for increased aid. He proposed the delegation wait until after the visit to Nepal of the assessment team from PACOM in April. With the assessment team's findings in hand, the delegation could arrive in Washington with a firmer idea of Nepal's needs and requirements. Besides the Department of State, the

delegation should also visit USAID and the Department of Defense, the Ambassador noted.

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AND LET'S NOT FORGET GARMENTS  
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16. (SBU) The Foreign Secretary suggested that, in light of the increasingly serious situation Nepal faces, the USG might be more generous in its allocation of garment quotas. The Ambassador noted that the Finance Minister had brought up the same subject with Undersecretary Larson during his Jan. 18-19 visit, and that a response from U/S Larson is on its way. The Ambassador indicated that there seems to be little hope of increased quota--especially since Nepal has not used up all of its quota in a number of categories--but suggested that the proposed delegation to Washington also include someone from the Ministry of Commerce to raise the topic.

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GUNS AND GHEE  
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17. (SBU) The Ambassador raised an article that appeared in the local press citing a report from the Indian newspaper The Asian Age that speculated explosives used by the Maoists in the attacks in Achham may have been supplied by extremist groups, like the People's War Group and the Maoist Co-ordination Centre, based in India. The article quoted a Calcutta police DIG stating he had seen evidence of arms being sent to Kathmandu and outlying districts. The Foreign Secretary said the GON frequently hears rumors of such connections between the Maoists and groups in India, but had as yet "no concrete evidence."

18. (SBU) The Foreign Secretary said talks aimed at renewing the bilateral trade treaty between India and Nepal had ended inconclusively for now, although both sides have "narrowed down" their areas of difference. Joint Secretary Acharya said that while the Indians had originally requested to review treaty provisions for five products they claimed had undergone a "surge" in exports to India (Ref A), they were now proposing more comprehensive, "across-the-board" changes in the treaty.

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COMMENT  
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19. (SBU) Our interlocutors in the GON seem to appreciate that USG funding processes take time, and that we are serious about trying to help. That said, the horrific attacks in Achham have obviously put pressure on all branches of the GON. For the MFA, this pressure translates into urgent appeals for assistance to likely foreign donors.

Malinowski